

## EXHIBIT 3

ANNEX A

Indemnification Provisions

1. In connection with the engagement of Impala Partners, LLC ("Impala Partners") by Winstar Communications, Inc., (the "Company") pursuant to a letter agreement dated July 2, 2001 between the Company and Impala Partners, as it may be amended from time to time (the "Letter Agreement"), the Company hereby agrees as follows:
2. The Company agrees to indemnify and hold harmless Impala Partners and each of its partners, agents, employees and controlling persons (within the meaning of the Securities Act of 1933, as amended) (each, an "Indemnified Person") against any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) brought by any third party (i.e., a person not a party to the Letter Agreement or an Indemnified Party hereunder) arising out of the rendering of services by Impala Partners under the Letter Agreement and will reimburse Impala Partners and each other person indemnified hereunder for all reasonable legal and other expenses as incurred in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that the Company will not be liable in any such case for losses, claims, damages, liabilities or expenses arising from the negligence or willful misconduct of Impala Partners or any other party entitled to indemnification hereunder. In case any proceeding shall be instituted involving any Indemnified Party, such person shall promptly notify the Company, and the Company, upon the request of the Indemnified Party, shall retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Company may designate in such proceeding and shall pay all reasonable fees and expenses of such counsel related to such proceeding. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel at its own expense, except that the Company shall pay as incurred the fees and expenses of counsel retained by the Indemnified Party only in the event that (i) the Company and the Indemnified Party shall have mutually agreed to the retention of such counsel, or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Company and the Indemnified Party and representation of both parties by the same counsel would be inappropriate, in the reasonable opinion of the Company, due to actual or potential differing interests between them.

3. The Company shall not be liable for any settlement of any proceeding effected without its written consent. In addition, the Company will not, without the prior written consent of Impala Partners, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder unless such settlement, compromise or consent includes an unconditional release of each party for which indemnification is sought hereunder from all liability arising out of such claim, action, suit or proceeding.
4. In the event that the indemnity provided for in paragraph 2 hereof is unavailable or insufficient to hold any Indemnified Party harmless, then the Company shall contribute to amounts paid or payable by an Indemnified Party in respect of such Indemnified Party's losses, claims, damages and liabilities as to which the indemnity provided for in paragraph 1 hereof is unavailable or insufficient (i) in such proportion as appropriately reflects the relative benefits received by the Company, on the one hand, and Impala Partners, on the other hand, in connection with the matters as to which such losses, claims, damages or liabilities relate, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as appropriately reflects not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and Impala Partners, on the other hand, as well as any other equitable considerations. The amounts paid or payable by a party in respect of losses, claims, damages and liabilities referred to above shall be deemed to include any reasonable legal or other fees and expenses incurred in defending any litigation, proceeding or other action or claim. Nothing herein shall be deemed to increase the scope of matters for which indemnity or contribution may be available beyond those described in paragraph 1 of these Indemnification Provisions.
5. These Indemnification Provisions shall survive the expiration of the term of the Letter Agreement, and shall be in addition to any liability that the Company might otherwise have to any Indemnified Party under the Letter Agreement or otherwise. The Company and Impala Partners each hereby waives any right to a trial by jury with respect to any claim or action arising out of the engagement of Impala Partners under the Letter Agreement or the Indemnification Provisions. It is further agreed that no Indemnified Party (including Impala Partners) shall be liable to the Company or any affiliate of the Company in connection with any matter arising out of or relating to the engagement of Impala Partners under the Letter Agreement, or any actions take or omitted, services performed or matters contemplated by or in connection with the Letter Agreement, except to the extent that such liability resulted primarily from the willful misconduct or negligence of such Indemnified Party; provided that nothing herein shall excuse Impala Partners from its obligations to perform under the Letter Agreement in good faith and in accordance with the terms thereof.